

## MEMO

**TO: LAUREN FRANCIS; SYLVIA FIRTH**  
**FROM: BRANDON AGHAMALIAN**  
**DATE: MARCH 20, 2013**  
**RE: APPRAISAL DISTRICT – EVIDENTIARY REFORM (HB 1830)**

This memo presents information about HB 1830 and the City's adopted position to:

*"seek legislation that would require commercial and industrial taxpayers who proactively protest appraised values to provide sales, rental or occupancy data to the CAD under a confidentiality agreement and to undertake alternative dispute resolution prior to filing suit regarding valuation."*

### **HB 1830**

As drafted, HB 1830 applies only to:

1. El Paso County;
2. Properties under protest (i.e. – only property owners that instituted a protest against the CAD over their value);
3. Properties valued at \$1 million or more; and
4. **Commercial or industrial properties only.**

Please note HB 1830 is limited to a two (2) year pilot program and expires in 2016.

### **HOW HB 1830 WORKS:**

If a commercial or industrial property owner with a value over \$1 million has protested their value, then the Chief appraiser *may* request the property owner to disclose:

- Sales price,
- Rate of occupancy,
- Rental income, or
- Production capacity information.

If the chief appraiser signs a confidentiality agreement stating the information will not be disclosed to anyone outside the CAD and only used to determine value, then the ARB shall *compel* the information.

If property owner refuses to submit information, their protest is *forfeited*.

## **OPPOSITION**

The bill has been criticized by major stakeholders including El Paso Electric, Western Refining, the Texas Association of Realtors, and the Texas Taxpayers Research Association (a trade group representing large industrial taxpayers).

## **OPTIONS TO CONSIDER**

The city council might consider refining their position and requesting legislation (a “committee substitute”) to remove:

1. industrial property from the legislation; and/or
2. the rest of the county and only apply the bill only to properties located in the downtown area (as defined by either the “Downtown TRZ” or the “Downtown Management District”).

## **NEXT STEPS**

- Determine if the city desires to amend its legislative position to narrow the bill;
- Provide direction to lobby team
- Participate in stakeholder meeting/negotiations in Austin.

## **FACTS**

- El Paso CAD received 1,643 protests from commercial, industrial, and apartment complex accounts in 2012.
- Those protests consumed 13 days of the ARB’s schedule (out of the available 35 days between June 15 and July 20).
- The cost to hear the cases was \$125,630:
  - \$61,750 for ARB members’ per diem,
  - \$11,652 for ARB support personnel, and
  - \$52,228 for commercial appraisers and clerical support.
- Regarding COMMERICAL properties over \$1million in value in El Paso:

	<b>COMMERICAL PROPERTIES OVER \$1M</b>
Located in Downtown TRZ	40
Located in Downtown MD	44
In the entire county	1460
Protested	1148

By: N. Gonzalez of El Paso

H.B. No. 1830

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a pilot program authorizing the chief appraiser of  
3 certain appraisal districts to compel certain property owners who  
4 file a protest with the appraisal review board to disclose certain  
5 information related to the property.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Subchapter C, Chapter 41, Tax Code, is amended by  
8 adding Section 41.462 to read as follows:

9 Sec. 41.462. PILOT PROGRAM: REQUIRED DISCLOSURE OF CERTAIN  
10 PROPERTY INFORMATION IN EL PASO COUNTY. (a) This section applies  
11 only to a protest filed by a property owner under this chapter that  
12 relates to property:

13 (1) with an appraised or market value, whichever is  
14 greater, of at least \$1 million as determined by the appraisal  
15 district; and

16 (2) that is used in a manner consistent with  
17 commercial or industrial use.

18 (b) Not later than the 30th day before the date of a hearing  
19 on a protest, the chief appraiser may file a request with the  
20 appraisal review board to compel the property owner to disclose to  
21 the chief appraiser information relating to the sales price, rate  
22 of occupancy, lease or rental income, or production capacity and  
23 income of the property that is the subject of the protest.

24 (c) The appraisal review board shall order the property

1 owner to disclose the requested information to the chief appraiser  
2 on receipt of a confidentiality agreement signed by the chief  
3 appraiser that states that the information disclosed by the  
4 property owner:

5 (1) will not be disclosed to any person other than an  
6 employee of the appraisal district; and

7 (2) will be used only to establish the value of the  
8 property that is the subject of the protest.

9 (d) A property owner who does not comply with an order to  
10 disclose information issued under Subsection (c) forfeits the  
11 property owner's right to continue the protest under this chapter.

12 (e) The pilot program shall be implemented in El Paso County  
13 for a two-year period beginning with the ad valorem tax year that  
14 begins January 1, 2014.

15 (f) This section expires January 1, 2016.

16 SECTION 2. Section 41.462, Tax Code, as added by this Act,  
17 applies only to a protest to an appraisal review board filed by a  
18 property owner on or after January 1, 2014.

19 SECTION 3. This Act takes effect January 1, 2014.